

## Housing, Land Use and Transportation

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### Tribal Bond for Transportation

Last year, AB 687 (Chapter 91, Statutes of 2004) was passed and contained a requirement for five tribal governments to pay \$97 million annually to finance a \$1.214 billion bond for 2004-05 transportation projects. However, the May Revision of the State Budget proposes to reduce the amount that the tribal gaming revenue securitization is expected to generate by \$222 million. Thus, anticipated revenues would be \$1 billion rather than \$1.2 billion. This reduction was attributed to the absence of any new compacts at this time, while not ruling out the potential addition of compacts in the future.

However, pending litigation continues to jeopardize the issuance of these bonds. In fall 2004, the issuance of the bonds was delayed due to the political firefight between tribes, card rooms, and racetracks over Propositions 68 and 70 on the November ballot. Both propositions lost at the polls, and many thought that the way was now clear for the state to sell the bonds. A lawsuit filed in September of that year has until now continued to hold up the sale of the bonds. Filed by a group of racetracks, the lawsuit charged that AB 687, which authorized the bond issue, was unconstitutional because it guaranteed the five participating tribes an exclusive monopoly on Nevada-style gaming and therefore locked out all other commercial gaming enterprises.

The racetracks recently agreed to drop their lawsuit, which was preventing the sale of the bonds, and have begun talks with some gaming tribes to work toward a solution that is economically viable for their businesses. The state is not a party in these talks, which are described as preliminary.

However, a card club has filed a new lawsuit, which throws into jeopardy the sale of these bonds once again.

Further, the local share expected to go directly to cities and counties as an early payback for the Proposition 42 loan of \$192 million continues to shrink. Since the repayment didn't happen in the current year, the interest owed to the State Highway Account (SHA) is greater than originally estimated (\$22 million instead of \$14 million). Because of this, the administration has proposed a trailer bill, which was approved by both houses to give the first \$465 million to the State Highway Account, instead of the first \$457 million. Therefore, if counties were to get \$1 billion dollars from the tribal bonds in the budget year, the remainder for the Public Transportation Account (PTA) and local streets and roads would be \$245 million total, or \$122.5 million to cities and counties combined and \$122.5 to transit or PTA. Thus, counties would only receive about \$61 million statewide.

### Indian Gaming

#### SB 42 (Florez) – Pending

SB 42, as amended on March 1 and authored by Assembly Member Dean Florez, would require that the Legislature ratify in a separate statute each new tribal-state gaming compact between the State of California and a federally recognized Indian tribe. Currently, the California Constitution authorizes the Governor to negotiate and conclude compacts, subject to ratification by the Legislature, and existing California law expressly ratifies certain compacts. SB 42 has become a two-year bill.

#### AB 1750 (Horton, et. al) – Pending

AB 1750, as introduced by the Assembly Committee on Governmental Organization, would require the State Auditor to examine payments from the Indian Gaming Special Distribution Fund. This bill would require the State Auditor to examine the accuracy and timeliness of payments from the Indian Gaming Special Distribution Fund to the Indian Gaming Revenue Sharing Trust Fund and report its findings to the Legislature and other appropriate entities, as specified. AB 1750 would also require the State Auditor to examine the accuracy and timeliness of payments from the Indian Gaming Special Distribution Fund from the Controller's office to county tribal casino accounts and individual tribal casino accounts. The bill would also require the State Auditor, in conducting its audit, to report on the beginning and ending balances of the Indian Gaming